

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED

TAPE 1, SIDE A

Unknown speaker: Okay. Mike's running, that's running.

GREG ROTH: My name is Greg Roth, I am an attorney with District Counsel for the Internal Revenue Service. My capacity is that the Internal Revenue Service is the client of the Chief Counsel's office. Okay, so technically speaking, I don't work for the IRS, just as -- well, Mr. Van Sickle is your -- i.e., you are the client of Mr. Van Sickle, the IRS is the client of the Chief Counsel's Office, okay, and so I am their Counsel.

R. AZNARAN: What is the Chief Counsel's office?

GREG ROTH: It is div -- it's -- we actually work out of the Department of Treasury, and -- technically we're not part of the IRS itself -- so and we're just counsel to them, okay. It's a fine line at times, but just so you understand what -- What my role in this is, I am representing my client and basically the questions that will be asked will be by them, although I do have some questions, but they will have the primary questions, I will leave anything I have until the end. I'm more or less counsel to them in the sense when they have a question, I try to assist my client with their questions.

And -- why don't we, before we go any further, I think that Carl Corsi, who's a revenue agent for the Internal Revenue Service has a few things he'd like to say and Mel Young, he's also a revenue agent with the Internal Revenue Service, ah -- he doesn't have anything to say at the immediate moment, but why don't I let Carl say what he wants to. [laugh]

CARL CORSI: Want to make this a little formal, just to set the agenda here, we're here today in the Federal Building, in Dallas, Texas on May 19, 1988, approximately, almost 9 O'Clock.

And representing the IRS is Mr. Young, Mel Young, IRS agent, and Carl Corsi, IRS agent, and also representing for the Dis -- from the District Council Division, Mr. Gregory Roth. We are here to interview Vicki J. -- Aznaran? Is that how you pronounce your name?

V. AZNARAN: Yes.

CARL CORSI: And Richard Aznaran. Richard N. Aznaran? Is that the initial, N?

R. AZNARAN: Yes.

there's no guarantee -- there's no intent at this particular time to -- in regards to a criminal investigation. We have nothing that I know of, personally, that would involve a criminal investigation. Whether or not this information is useful to the Service, obviously depends on what kind of information that you do give us.

R. AZNARAN: Okay.

MEL YOUNG: And [sic] it, if it -- if it becomes useful to the Service, obviously the Service will have to use it as appropriately it sees fit. And basic -- we know that Scientology has been around for a number of years and it has participated in a number of activities which -- are interesting. Okay?

V. AZNARAN: [Giggles]

R. AZNARAN: Tastefully put.

MEL YOUNG: So what we want to do -- we're not in an adversary type role -- we 'd like to be -- we'd like to just obtain the information at this particular point. And hopefully the information that we obtain can be useful in deterring what course of avenue that the Service will take.

So what we'd like to do is ask you a number of questions this -- today. How long they take obviously depends on what kind of responses you have and how -- what kind of documentation you have. If we're lucky, I suppose, maybe will not necessitate a future contact or if maybe you have more documents in the future, we may like to come back and talk to you.

R. AZNARAN: Sure.

MEL YOUNG: And these additional documents may prove helpful to the Service in determining what course of action, whether or not the organization is in effect participating in an exempt manner -- an exempt manner in effect saying it deserves a tax exempt status, in effect.

So, what we would like to do is ask you a number of questions this morning. These questions -- as you probably know by now is that we didn't get a lot of time involved in putting this together, OK, so they may be a little bit redundant. But -- cause Carl looked at them and I looked at them and we haven't been -- we proposed -- we looked at them and we proposed our questions independent of each other. If they are redundant -- sometimes they are redundant because I looked at them on one day as opposed to another day and it was on a different part of the complaint. So it may repeat itself. And nothing personal involved in it, just -- if we've gone over them -- I think we was going to ask them anyway -- and then if you can respond and say, you know -- whatever additional information that comes to your mind at that

time. So what we would like to do now --

GREG ROTH: Can I -- can I interrupt for just one second. We will provide a copy of this tape to you. Also, it's our intention that we be able to provide it to you as soon as we're done and that we would duplicate it, so --

BARRY VAN SICKLE: Excellent.

CARL CORSI: And another point too, is that -- are those documents for us?

BARRY VAN SICKLE: No. The documents that are for you are that briefcase full.

CARL CORSI: Can we take those now -- we'd like to take them home with us when we leave.

GREG ROTH: Is there an extra set in there, or just --

BARRY VAN SICKLE: No.

GREG ROTH: Okay.

MEL YOUNG: Is that for us?

BARRY VAN SICKLE: No, that's our copy -- I've --

MEL YOUNG: [laugh]

BARRY VAN SICKLE: When they left the Church, they were searched and all documents were removed from them. There are only a couple of documents in there that really you can tell we're not too interest in, but we brought them, that -- you probably don't already have. You maybe don't have them, but a lot of those documents I have been given by other lawyers and they obtained them in other litigation against the Church. And I understand that most of the documents involved are part of the documents that were seized by the Church in one of their raids on the FBI office. [Sic] But those are the documents we have at this time. I hope to --

CARL CORSI: Well--

BARRY VAN SICKLE: I hope to get many more and I have no problem with -- with a phone call to me, you can come in to my office by appointment and I'll make the documents obtained in discovery available to you.

CARL CORSI: Well -- Shall we take those now and get them copied?

GREG ROTH: I would say we should.

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED

IRS INTERVIEW WITH THE AZNARANS

MAY 19, 1988

TAPE 1 SIDE B

CARL CORSI: Okay, Ms. Aznaran, the question I was asking was, is there a plan, are you aware of any plan that they had as of a year ago, to date for the use of those funds that have been accumulating overseas? Other than why, you know, why it was put there originally, is there any -- are you aware of what the plans are for the use of that money?

V. AZNARAN: Well, it's certainly not going to go to help the needy orphans. (laughs)

MEL YOUNG: How about, how about this --

V. AZNARAN: I mean it's for them to do whatever they want with it.

MEL YOUNG: -- how about this --

V. AZNARAN: The money in Cypress is, is being publicly stated to be a war chest to fight the IRS and their other many, long list of enemies.

MEL YOUNG: Let me ask you a question. Who has control to withdraw funds from those accounts?

V. AZNARAN: Lyman Spurlock.

MEL YOUNG: And who else? Anybody else?

V. AZNARAN: David Miscavige, Norman Starkey, Marc Yager --

CARL CORSI: The Broekers?

R. AZNARAN: No.

V. AZNARAN: No, sorry.

[Laugh]

V. AZNARAN: The Broekers.

MEL YOUNG: So they have, in each of the accounts overseas, those individuals have the right to withdraw the funds.

BARRY VAN SICKLE: Um, actually we've been involved in two lawyers, two lawyers. This letter actually came independent of the law suit from this -- this lawyer. But we've got a letter from a law firm, Connally, Williams, -- Williams and Connally, the senior partner on that letterhead appears to be Edward Bennett Williams, who I understand to be a former cabinet member. And we got a letter from his firm saying that they represent the Church and that we are obviously woefully mistaken in our notion that we should be suing the Church of Scientology, that they will eventually get us for millions of dollars, Rule 11 sanctions and we should, better stop right now, sort of thing.

MEL YOUNG: You said you never signed those documents, is that is that to the best of your knowledge?

V. AZNARAN: Yeah, I just don't recall those documents as they are right now -- I don't --

R. AZNARAN: We were not allowed to have a copy of it when we left.

V. AZNARAN: The circumstances under which we left were --

MEL YOUNG: -- very --

V. AZNARAN: -- strained.

MEL YOUNG: The document in effect says that they are not allowed to testify in any kind of litigation against Scientology?

BARRY VAN SICKLE: That's the thrust of it, although when (Vicki laughing) it comes to testifying it says absent subpoena. But in other parts of the document they agree -- they agree not to assist in litigation, write any book, it's clearly a document designed to suppress evidence.

Maintain strict confidentiality, not say anything, and then the part about testifying, they agree not to testify unless served by a subpoena, and they further agree not to make themselves amenable to services of subpoenas.

There's a long story behind that and you can get into it if you wish and you can have these things. When they decided to leave, one of the things they were told, is that they had to sign some documents, that if they would be able to leave without being declared fair game. And if they wanted to have their earthly possessions, they'd sign some papers. I don't believe that these are necessarily the papers they signed.

MEL YOUNG: Okay. Why don't we talk about fair game a second? Cause I -- this is going a little out of order but -- you know, I noticed that in the complaint you talk about fair game and I was wondering, one, why don't you explain to us what fair game

happens to be and if there's any documentation involved in the course of fair game. Okay?

R. AZNARAN: This is a policy letter dated 17 March 1965, it is written by L. Ron Hubbard and the title of it is "Fair Game Law." And, don't want to read the whole thing, you'll have a copy of it but, ah, let me find the most key quote out of this. (sounds like pages being turned in a book, pause in speaking) Where the heck is it?

MEL YOUNG: Is it current practice?

R. AZNARAN: Hm, absolutely.

MEL YOUNG: Okay. And I -- it indicated, basically fair game is -- in your own words, what is fair game?

R. AZNARAN: Fair game is basically when the Church has decided that --

MEL YOUNG: We'd like a copy of that, by the way --

R. AZNARAN: Yeah, yeah, it looks like there's something missing out of it. The - if the Church decides that you are an antagonist, or if you are a staff member and you leave without authorization, or if you are a student and you leave without authorization -- there's several different categories -- you are then declared what is called -- you are then given the title of "suppressive person."

CARL CORSI: Does that include Internal Revenue agents?

R. AZNARAN: Oh, absolutely. I mean you get it automatically, you don't even have to like --

MEL YOUNG: You don't even have -- we don't have to even qualify. (Laugh)

R. AZNARAN: No, you're pre-qualified --

(laughing)

MEL YOUNG: Oh, thank you.

GREG ROTH: But not District Counsel attorneys, right?

R. AZNARAN: Well -- I don't know about that.

V. AZNARAN: Yeah, any attorneys that go against them.

MEL YOUNG: Oh, oh, OK.

BARRY VAN SICKLE: I'm fair game.

BARRY VAN SICKLE: The threat of fair game is why they do this.

MEL YOUNG: Could you give us some specific examples of how fair game works? You know, I know you said something like ruining reputation or something like that effect. Could you be more specific on what there may be involved in fair game?

R. AZNARAN: Well are you talking -- Okay. First of all, this thing -- the way it started out. Okay, fair game? Which I think was back in about '65 when Hubbard just, just really got pissed (laughs), and decided, you know, let's get these guys. At that point, it was all very broadcast. I mean, in other words, Scientology newsletters would go out and it would list your names on there, you know, and it would say specifically on there, it'd say, you know, "this guys declared fair game" and you know, you're invited to like, do whatever you want to, to him. Okay?

As a re -- as time went on, and they hired more attorneys and got smarter about such things, now it's to the point where there is a very small circle of people, okay? The declaration to being declared is issued publicly to whoever, to whatever circle it would apply to, okay. In other words, for example, with us, the orders declaring us as suppressive people, you'd never be able to get a copy of 'em, I'm sure. You know, I mean, you could subpoena 'em, but if you think they're gonna give you something just because you subpoenaed, I mean they'll tell you it doesn't exist and then they'll spend all night, tonight shredding 'em to make, you know, so that you'll never get one.

But -- Okay, so we would be declared and then there would be a circle, because of the level that we operated on within the Church, it would only be the very top guys. You know, it would be David Miscavige turning to Marty Rathbun and saying, "Listen, these Aznarans are living too good out there, I mean, you know, take care of it." And then it would go from him over to, one or two people over in the intelligence part of OSA. And they in turn would call in some guy to go beat us up, or they would hire a PI to tail us and harrass us and spread rumours about us, and this, that and the other.

CARL CORSI: Has that happened? Has there been anything like that?

R. AZNARAN: They only found out that we were bringing a lawsuit -- was it a week ago Friday? Last Friday -- wasn't it Friday when we were at the movie?

V. AZNARAN: Mm hmm.

R. AZNARAN: Last Friday we were at the movie. We're riding around, we go show up at a -- we decide we're going to go to the movie. We go to Town East, which is a mall out here. We're an hour early, we buy our ticket, and we leave.

Well, unbeknownst to us, we were being watched. So we come back and we go into the movie and we sit down, and a guy approaches us that we haven't seen in several years who's a Sea Organization member out of Florida, and says, "Hey." He turns around. "How are you doing? Remember me? I've been looking for you. Dallas isn't so big after all, ha ha." You know, like, trying to make it like, some kind of a coincidence that he happened to accidentally end up in the next row in the movie.

Well, he then tries to talk to us, this is like a standard thing. This is like, of the 26 levels of handling somebody who sues you, this is number one. Approach by old friend and see if you can talk them out of it, okay?

At which point Vicki quickly disabused him of any idea that he may have any kind of status of old friend and we left. But, you know --

BARRY VAN SICKLE: You --

CARL CORSI: Let me ask -- I'm sorry.

BARRY VAN SICKLE: -- there are documents in there called drills and drill -- and one of them is spreading rumors.

V. AZNARAN: Uh huh.

BARRY VAN SICKLE: -- training materials of things you can do.

V. AZNARAN: [Laughs.]

BARRY VAN SICKLE: And it was to spread rumors.

R. AZNARAN: How to train you to do that.

BARRY VAN SICKLE: How to spread rumors.

CARL CORSI: Oh.

GREG ROTH: Just a little detail here. When you said they ju -- the Church just found out about it a week ago Friday --

V. AZNARAN: They were served then.

BARRY VAN SICKLE: A couple weeks ago.

GREG ROTH: Oh, because the thing was -- I've got that it was filed in April.

V. AZNARAN: Right.

GREG ROTH: But they just hadn't been served yet, is --

BARRY VAN SICKLE: Uh --

GREG ROTH: I -- I was just trying to --

BARRY VAN SICKLE: Yes. We thought they'd pick it up in the filings so we thought that they knew about it. However, I had other information leading me to believe that they didn't know about it.

GREG ROTH: (Simultaneously with Van Sickle below) I just was a little confused by that, that's all.

BARRY VAN SICKLE: However, serving these people is an incredibly difficult thing to do.

GREG ROTH: Okay.

BARRY VAN SICKLE: And I still haven't achieved service on most people. I just recently hired a very good private investigator who kind of specializes in tough services.

They have another drill in there of course, how to avoid service.

But after we served the Church of Scientology of Los Angeles, I'm advised that they put armed guards at all their gates.

MEL YOUNG: Do you know any lawsuits or complaints that have been filed that have fair game as a -- one of the complaints? Currently.

V. AZNARAN: Do you want me to read them to you?

[laughter from two men]

MEL YOUNG: I mean, I just want to know whether or not the, the, the, the practice is still being carried on, in fact.

V. AZNARAN: Sure.

I can give you another example. Michael Flynn was a major attorney with civil litigation against them and they hired private investigators to find anything they could on Michael Flynn and they went through his past with a fine-toothed comb for, like, oh, a couple of years and they never could find anything on the guy, so then they went to an Italian prison and got a prisoner there to do up affidavits about how he'd been involved in a phony check operation on L. Ron Hubbard and I received information that that private investigator had told that guy what to say.

R. AZNARAN: This is, again, the same private investigator.

TAPE 2, SIDE B

MEL YOUNG: What I'm trying to understand is the funnelling of moneys overseas. And from what I gather at this point, and you can tell me if I'm wrong or clarify it, is that, is that all the lower levels of the organization Scientology, in effect, funnel the money overseas and it, they funnel some money up to the next level, whatever. And then this next level also has this going overseas. But by the time it gets to RTC or CST, the money that goes into those are, in effect, money that, in effect stays with the organization, looks like -- that's what it sounds like --

V. AZNARAN: -- That's correct --

MEL YOUNG: -- you said none of them went overseas that were diverted to these particular -- foreign accounts that the IRS would be interested in.

V. AZNARAN: -- right.

MEL YOUNG: And it would be from CSI down, downwards. But the reason why CST and RTC are involved is that they control the rights and in effect, he who controls the rights controls the rest of the organization. And this Miscavige and whoever, is the one who pulls the strings all the way down the line to the mission level then.

V. AZNARAN: Hm, huh. That's right.

R. AZNARAN: Before, while Vicki was over RTC - OK you had Miscavige at the top and then above him Broeker and above him Hubbard, and Author Services being up there with Miscavige. And then below that - it actually branched two ways - there was RTC which had the trademarks, okay. But then over here was CSI, Church of Scientology International, run by its own Commanding Officer named Marc Yager. Marc Yager was responsible, personally - his personal statistic assigned to him by L. Ron Hubbard was Reserves -- Reserves being the total amount of money socked away. Okay. That's where that figure comes from. That's the reserves stat, how much money they had put away, whether it was in - the total money, the money is everything, right, I mean gold, real estate, money in overseas trusts, all that. That was reserves money.

CARL CORSI: Under CSI?

R. AZNARAN: Yes.

R. AZNARAN: Not those ASI people, uh-uh.

V. AZNARAN: Not those ones in ASI. They had the big salaries and expense accounts --

CARL CORSI: Everyone was striving to become a member of ASI?

V. AZNARAN: People did, yeah.

GREG ROTH: Question. And don't answer this if you feel it's improper. But as I recall in your complaint they talk about you getting 50 cents an hour for this and that. Now, if you know at that time that everybody else is getting tens of thousands of dollars -- a lot of other people -- and there are millions of dollars going around, why did you work for 50 cents an hour? Or did you? You know I mean --

R. AZNARAN: -- I can answer that --

GREG ROTH: -- have a hard time reconciling that.

V. AZNARAN: Well, number one there weren't lots of other people making a lot of money. You're talking a handful -- a few. Most of the people made hardly any--

GREG ROTH: You knew there were millions of dollars being brought in, I mean somehow I would --

V. AZNARAN: I'm not a thief -- I didn't want to embezzle any money.

GREG ROTH: No. No, no, no, I'm not -- no.

V. AZNARAN: I mean, why do you only say --

GREG ROTH: That's not what I'm asking. I'm saying, if I'm working for an organization that I know is making money hand over fist, you know, millions of dollars and there are some other people - and you -- Richard, you were well-placed and Vicki, you were well-placed, I'm going to at some point say "hey you know, you're making millions of bucks, what the heck am I -- why are you making me work for 50 cents an hour?" I'm going to ask that question.

R. AZNARAN: First of all, you would never know that these people were making that much money. I--

GREG ROTH: I got the impression -- No. I got the impression you knew it at the time that, though, that you would've been making the 50 cents an hour set forth in your complaint.

R. AZNARAN: Vicki and I knew it.

GREG ROTH: Ok.

R. AZNARAN: But I'm talking about your average staff doesn't know it.

GREG ROTH: I don't care about the average staff. I'm trying to reconcile your complaint at the moment with your knowledge of what money terms were really being generated and some other people--

R. AZNARAN: Na, now you lost me there again.

GREG ROTH: Ok.

BARRY VAN SICKLE: It's simple. Why were you willing to do all this for peanuts while other people were enjoying wonderful lives?

GREG ROTH: And you knew it, and apparently.

BARRY VAN SICKLE: And, you know, because there were paid more than Scientologists.

V. AZNARAN: Yeah, whatever, what's the answer to that? I don't know. I mean how could I be in Scientology if --

CARL CORSI: A basic question I've had all the way along, is what motivated you? Is that a fair question to ask? Is that a fair question to ask? What motivates --

V. AZNARAN: You think you're helping people.

GREG ROTH: -- what motivates, in other words, there are a lot of sincere people --

V. AZNARAN: -- most of them --

GREG ROTH: -- willing to work 16 hours a day, live in hovels --

V. AZNARAN: -- make no money.

GREG ROTH: Ah, be under a dictator type arrangement, as far as their daily living, have no estate, and the reason they're doing it is because they believed in the, the doctrine?

V. AZNARAN: Why else would you, nothing else would have you do that.

MEL YOUNG: Let me ask you. How, how, this is just a curiosity type question, how does a person reconcile the fact when the Church says "Fair Game", Fair Game seems like to be a contrary concept to helping people, and, and still reconcile the fact that you, you know, I would imagine that --

BARRY VAN SICKLE: -- the end justifies the means --

V. AZNARAN: -- Look at terrorism. How, how do they justify that for religious reasons? There are fanatics everywhere. How did Hitler justify killing 6 million people? He was for the good of the world, was it not?

MEL YOUNG: So that's basically it.

V. AZNARAN: Yeah.

R. AZNARAN: Hubbard put out that it, I mean, the senior thing to be considered at any time is the greatest good, OK. Scientology is supposed to be benefiting all of mankind. If you are attacking Scientology, and in a position where you can cause Scientology difficulty, in so doing so, you're actually harming, not just Scientology, but all of mankind, because, man, Scientology is of course, the greatest good for mankind. So it's very easy to justify taking you out.

MEL YOUNG: OK --

CARL CORSI: -- because young people believe that when you --

V. AZNARAN: Sure

R. AZNARAN: And not to mention, that -- don't forget, that you also, once you get caught up in it, that there's the fear of the reprisals, there's the fear of the Fair Game being turned against you. In other words, you ask me how did I feel about bugging this guy's room, well I didn't feel good about it at all, but I also at the same time, I know that my room can be bugged, I got to worry about what I say to her. Ah, we're both going to be talk-- constantly taken in for the equivalency of, ah, lie detector tests to find out what we might have even said to each other.

BARRY VAN SICKLE: One of their --

R. AZNARAN: We got to understand, like, you're talking like 1984 expanded.

V. AZNARAN: (laughs) Big brother --

BARRY VAN SICKLE: One of their major techniques is playing them off against each other. They tend to-- they seem to want to focus on married couples. And that was the thing they tried to do at the end. They tried to get Richard to divorce Vicki and then -- and they turned some people that escaped with her back into the Church because they got their spouses to say "you leave the Church, and you leave me."

GREG ROTH: It's, in the, in the complaint, what, is it just the, the wording left a little bit of confusion, ah, on --

BARRY VAN SICKLE: Yes. That complaint was drafted to beat the statute of limitations when I was in jury trial, so it's not presented --

GREG ROTH: Is that -- What?

BARRY VAN SICKLE: -- it's not presented as a work of art.

GREG ROTH: No that, ah I mean, so that was just a, a wording problem in terms of, ah, the divorce thing I mentioned to you earlier, that, ah, you know, it, ah, -- It's just that they tried to encourage it, is what you meant --

V. AZNARAN: Exactly.

GREG ROTH: -- they didn't cause it to occur.

R. AZNARAN: Well, there's a whole other side to this thing. We were divorced.

GREG ROTH: Ah, OK, alright, so you got, that's, so that was correct --

R. AZNARAN: We were forced to get, get a divorce earlier on, and then later on we got married again.

CARL CORSI: Afraid you were right.

BARRY VAN SICKLE: But that's prior to the reference --

V. AZNARAN: But that's prior this, what they're talking about here.

BARRY VAN SICKLE: That all happened in the past and when they wanted to leave, they were really trying to get Richard to turn Vicki back into the Church and do that, and --

GREG ROTH: Okay.

BARRY VAN SICKLE: -- that was one of the techniques.

GREG ROTH: Alright, so that, that helps understand a little bit about it. I just would just like to ask just a little tiny question about something-- some remark you made, Richard, about a half hour ago, when I was asking you some questions about the relation-- about the difference between the missions and the, ah, Church organizations and you made some reference to "that's the way they operated until 1981" or something, or maybe that they operated a little bit differently after 1981 -- that relationship between the Missions, ah, paying 10% and the Sea Org --

mean? I understood that Lionel had talked to Nan McLean, who's done a lot of -- several lawsuits against Scientology up in Canada, and Bent knows her and he could possibly help you. I don't know.

GREG ROTH: Ah, I'd like to continue in a moment, but just going back, ah, when you, cause you said it goes from here to here to here and I just wanted to get the descriptions so when we go over this it's on tape. You were, you were drawing on the board, you were showing that the money was going from Mission to SMI, which was formerly known as what, what?

V. AZNARAN: Mission Office World Wide.

GREG ROTH: And from there it was going overseas.

V. AZNARAN: Yes.

GREG ROTH: OK, that's fine. Ah, so we can retrace it later. Ah, in the, in the complaint, ah, that you filed, you said, ah! she was also commissioned, on page seven at, ah, line twenty-six, it says: "She was also commissioned to reorganize corporate structures and effect sham sales of millions of copies of Dianetics to the corporate defendants, ah, as a vehicle for transferring assets among them." When you say sam-- sham sales of millions of copies, ah, the books actually did change hands or there were never sales, they just appeared on paper?

V. AZNARAN: I, I guess not -- that's not, I don't know. I can't really comment on that. That didn't happen. (laugh) I, I don't --

BARRY VAN SICKLE: I think, you know, I'm not exactly --

V. AZNARAN: That's a misunderstanding.

BARRY VAN SICKLE: That might be a misunderstanding. We thought that the sham really -- poor choice of words -- they should be forced sales, I guess. As we now understand it, to be more like she explained today. The other--

V. AZNARAN: -- I wasn't personally involved in that. I had knowledge of it.

GREG ROTH: As it, is it possible the books never existed in your, er, to your knowledge?

V. AZNARAN: I have no information about that.

GREG ROTH: So it's possible that the books never even existed though --

V. AZNARAN: -- it's possible --

GREG ROTH: -- so it may be consistently stated. I --

BARRY VAN SICKLE: -- I think Joe Yanny gave me the idea the books never existed and that was, perhaps --

GREG ROTH: I would --

V. AZNARANN: He may have --

BARRY VAN SICKLE: -- glorified speculation on his part.

GREG ROTH: I'd hate to think --

V. AZNARAN: -- more information about it.

GREG ROTH: -- of millions of books sitting in a warehouse and I wouldn't see why they would print them, personally.

V. AZNARANN: (laugh) You could have a very good point. (laugh) I know --

GREG ROTH: Umm --

BARRY VAN SICKLE: I think, I think I would, the, the source to that is probably Mr. Yanny and not these people.

GREG ROTH: OK, um. -- one second more, ah, this may just be repetition, um -- It says, that refers to the date of December of 1981, on that, what I just, ah, read to you, ah, and then on page nine on line six it talks "about in or about, October '82, defendants and each of them resolved to restructure their corporate and financial relationships at a meeting in San Francisco." That's just the, a continuation of the process?

V. AZNARAN: See that's --

GREG ROTH: -- I realize you didn't draft this and there may be a little, ah --

V. AZNARAN: In December of '81, as I described, there was a corporate reorganization. This occurred in Los Angeles. This meeting in San Francisco in 1982 was the, one of the final execution targets of that planning.

GREG ROTH: Okay. And -- and it says "which restructuring called for all Scientology entities to turn over their profits to defendant, Author Services." When you say, "turn over their profits," ah, is that, in substance -- as you -- just as you've described it before --

V. AZNARAN: Yeah, that's --

GREG ROTH: -- there's nothing to add to it --

GREG ROTH: ~~Uh-Oh~~. You broke it.

R. AZNARAN: It's out of tape.

V. AZNARAN: Yeah.

GREG ROTH: See, you can tell what he's being doing with his life.

V. AZNARAN: (Laughs)

MEL YOUNG: What's on that one? 3A or 3B? 3A. That's about right, ~~should be~~ -- Hello. Ok? Sounds right?

CARL CORSI: Yes.

MEL YOUNG: OK. Looks like we're in business.

CARL CORSI: Ok, what we wanted to start off with is you made some comments about the -- you know -- the whole Scientology was a religion part of it -- was a sham, in your brief. You want to comment on that -- just a -- is there a religion there, in your judgment, or what?

V. AZNARAN: No.

GREG ROTH: OK. Well --

R. AZNARAN: Not in the management I mean and down in the -- what they're telling the public and everything, but I mean, there was things that we just didn't know -- that book on Hubbard, Madman or Messiah, and things that -- well, Hubbard was a fraud, I mean, what can I tell you?

CARL CORSI: Does he portray himself as a God, though?

R. AZNARAN: Oh, he was supposedly pronounced dead during World War II, and he's supposed to be this big hero, and he was crippled, and he healed himself, and -- oh, just on and on and on, you know.

CARL CORSI: Let me ask you about RTC. Do you conduct religious services there? Did you have religious services -- you were part of it --

V. AZNARAN: No.

GREG ROTH: Well let go back to a question. In your complaint you say, "at no time herein mentioned did defendants render any religious services or engage in any religious activities whatsoever." Vicki, perhaps you can expand upon what you mean by them not having engaged in rendering religious services or engaging in religious activities. How do -- how do you view that?

V. AZNARAN: Just like I said. They're a business.

GREG ROTH: And -- ok -- when they -- I mean -- besides being a business, they are --

R. AZNARAN: -- There's not a thing religious about it. I mean, it's like every once in a while, when they feel like somebody's watching them or somebody's investigating them, they'll come out with this thing of "oh gosh, we've got to push back in Sunday services", you know what I mean. So they'll take some flunky, who's useless on anything else --

V. AZNARAN: -- called Religious Image Program --

R. AZNARAN: -- That's what they call it, yeah, the religious image programs, and they'll have everybody wear a dog collar, and they'll have a Sunday service, where, you know, people who -- you know, they'll just 'You're gonna sit in and get preached to for an hour.' And, you know, they'll read some LRH Policy Letter, and then they'll call that a Sunday service. But then that falls out immediately, 'cause it's totally a sham. They only do it, like I say, when somebody comes along and says, "OK, look, we're supposed to be a religion. If we're a religion, we gotta do this, this, this, this, this." And then as soon as somebody quits enforcing it, they all -- it all falls back out again. There's no religious services, there's no -- I don't know -- give me one thing you associate with religion?

GREG ROTH: Well, and you're saying, even through the time you left in '87, that it was still that way, that there was -- it was only a group type of get together, when it was for appearance sake.

V. AZNARAN: Absolutely.

GREG ROTH: Other than those appearance sake get togethers, then, any meetings at all were on a -- or any -- anything was on a one-to-one basis as opposed to a group, other than that. Whether -- these consultations --

R. AZNARAN: -- other than that the only meetings that ever occurred were to discuss stats and how to make more money.

GREG ROTH: Other than that -- what types of -- OK, there were

auditing sessions for people, now, beyond that, those people who went to the auditing sessions, they wouldn't be involved in these group meetings -- or that the -- the group meetings would only be the periodic ones for appearance.

V. AZNARAN: Yeah, like, you know, I mean, it's like -- you gotta realize we used to -- what you're calling group meetings or something would be what they would call a Sunday service, and like they would need to put one on, because maybe some official was a-visiting or something and it would be "grab everybody that's around, sit them down, quickly, here's a guy, give him a lecture." You know what I mean, that's that kind of thing. It's not something that happens every --

CARL CORSI: What about the lowest levels, was there church services at the missions, or the --

R. AZNARAN: -- Oh, yea, they would be forced in, where they would come along --

V. AZNARAN: -- just what I just described to you --

CARL CORSI: -- at the lowest levels?

V. AZNARAN: Yea. At the higher levels, they never had anybody who could get in there to see them, so they don't even bother with that stuff. RTC never had one, the whole time I was there.

CARL CORSI: Is that right?

V. AZNARAN: Sure.

R. AZNARAN: It's strictly a public relations tool -- this -- I mean they actually have -- they'll come out with a policy letter, and it'll say "Religious Image Program, One -- Step One" -- like -- "Go out and buy some shirts with clerical collars. Step Two" -- you know -- "Wear them. Step Three" --

(Laugh)

R. AZNARAN: -- "Put a cross on the front door. Step Four" -- you know, every "Put up signs that say 'Services Sundays at Noon.' Step Five. Have somebody show up. Step Six. Have them play a tape by LRH. Step Seven. Report compliance on the above." And then, after you've done that, then everybody gets tired of it, and a couple of weeks later, it's all back the way it was.

GREG ROTH: About how often did something like that take place, where they would have this quote group?

V. AZNARAN: I guess I saw it once or twice or three times?

GREG ROTH: Just push it.

MEL YOUNG: Push it all the way in hard . . . all set, huh? I guess, let me reiterate that question because this is a new part of the tape, so to speak, we said basically that we're interested to find out how the funds move from the oversea, overseas accounts into Hubbard's or whoever [sic] hands it may be, whether it be the Broekers, or Miscavige, whatever. And, and Vicki was responding that she thought she knew or she does know about how that might be transpiring --

V. AZNARAN: -- transpired. There was a corporation called B-13. I do not know what that stands for. And it was set up and operated, as far as I know -- and I might be wrong -- out of Denmark. It was mainly controlled by a lady named Fran Harris who worked at ASI at the time. Author Services. And she was responsible for making Hubbard's income, seeing that he got -- every week his income went up. That was her responsibility. So they had to get the money from overseas for him. They would devise different things at different times to tap into that money, and they'd usually do it through B-13.

And one of the ways was, the Advanced Organizations -- which there's one in England, one in Denmark, and one in Australia -- paid a percentage, and I don't remember how much that percentage is. I knew at one point, but I don't know now. And they drew up agreements with Hubbard, and then this money would go to him. A percentage of the take for any Advanced Services, which is their higher level counselling.

CARL CORSI: That would go into those accounts first, and then to him?

V. AZNARAN: It went into B-13. Now, like I don't know what sort of a entity B-13 is, just that it is a separate entity.

They also had what they called the Film Trust. Now, this is kind of sketchy, but it might be helpful to you guys and you can fill it in if can get documents and so forth. But the Film Trust -- L. Ron Hubbard in 1977 and '78 wrote all these films, scripts. And then he actually shot movies in the, in Palm Desert of some of these. And then, subsequent to that, Golden Era Studios has been filming these transcripts and film treatises over the years, ever since he wrote them. Now, the organizations are told they

GREG ROTH: Question - and you may have answered this already, probably have. In your complaint you say that they required the Plaintiffs, that'd be you, to participate in crimes against the United States government, including obstruction of justice and efforts to create corporate structures designed to keep payments from properly being paid to the Internal Revenue Service. In -- with respect to the Internal Revenue Service are there any aspects that you can think of that you haven't pro -- previously mentioned that might have been a way in which the corporations were set up, or their structures worked to keep payments from being paid to the Internal Revenue Service? You may have covered it all --

V. AZNARAN: Well, as I described, that was the function of the overseas trust. It was another barrier between the money and the IRS. It's like, the way the attorneys explained it, the more barriers you can erect, the harder it is to get to it, and so you put up as many corporate barriers and actual physical barriers as possible. And if possible, keep as much of it as you can out of the country and get it out of the country when it's made. And if it's made out of the country, don't bring it back into the country. The country being the US. And that's pretty basic policy, that you -- you don't give the IRS anything which you can get away with not giving them. And you try to work everything so that you don't have to give them anything.

And the whole -- when Hubbard died, it was like -- "Well, this is gonna be a piece of cake. Now, we can get our tax exempt status and everything, because we don't have to -- we don't have to insulate Hubbard and his money-making activities and his hunger for money from the Church, or worry about that, anymore, it's just the top dogs --" meaning Miscavige and gang -- "and the Church and all the money." And they can be like, you know, the Pope, or Jimmy Swaggart, or -- not that I compare those two particularly but, just top dogs that call the shots and control the money, without having to worry about Hubbard. And they can also say that, "Well, yeah, from 1970 to '72 you did find inurement to Hubbard and you did show that money went to him, but now he's gone, and I think he showed that his intentions were very good, because, see, he left all these millions to the Church. He didn't even try to give it to his family or anything like that, he left it all to the Church, so you can see, it was really a very highly motivated kind of thing, and there's no need to worry, and so let's negotiate."

And the plan was always, after Hubbard died, "let's negotiate with the IRS and give them a few years, and get them to give us tax exempt status, and then we can go on from that point forward. With our tax exempt status and everything else we make we won't have to worry about, but they've got us from '70, '71, '72 and maybe '73 - '74 when money was going to Hubbard and we can't really hide that that's what was happening. So we'll give 'em

that, and that'll hurt but we'll save the bulk of it and have tax exempt status from this point forward, and let's negotiate." And I think at some point they had some, before Hubbard died, some big meetings in Las Vegas or something in which they were trying to negotiate and again in DC in '86 I believe or maybe late '85 where Miscavige and a bunch of guys went down and --. But the whole thrust of it, especially since he died, was to work out a deal. But you probably know more about that than I do.

GREG ROTH: Why do you think he left all the money to the Church or to the extent that he did? Was it because he was a believer --

V. AZNARAN: -- Opinion?

GREG ROTH: -- or he just hated his son?

V. AZNARAN: -- Opinion? He didn't care much for his family. And we're talking about a lot of them, were not just his talking about L. Ron Hubbard Jr. We're talking about Katie, L. Ron Hubbard Jr.'s sister, who he never had anything to do with. We're talking about Alexis, who he denied was even his daughter. Which is a daughter by another woman. We're talking about Quentin, who killed himself. Diana, Suzette, and Arthur, who blew from the Sea Org and left. And Mary Sue, who he hung all the criminal stuff on and let go to jail. I mean you are not talking about a guy who cared about his family a great deal. So why leave it to them? If he left it with the Church, he did have a firm belief that he could come back at some point, and there may be orders that exist to put some of it somewhere, or he may just be hoping that there will be enough of it left that he can assume control of it. If he, he had no reason to give it to his family. Like I say, he didn't particularly care about 'em.

MEL YOUNG: If there are orders --

V. AZNARAN: -- He's not a family man.

MEL YOUNG: If there are orders for this money to be accumulated, where would be the place where they would be located? Would there be --

V. AZNARAN: I don't know. You got any ideas?

R. AZNARAN: The orders?

MEL YOUNG: If there was one.

V. AZNARAN: It would probably be --

R. AZNARAN: -- I don't think --

V. AZNARAN: -- in those file cabinets that Marty took if there

TAPE 2, SIDE B

MEL YOUNG: What I'm trying to understand is the funnelling of moneys overseas. And from what I gather at this point, and you can tell me if I'm wrong or clarify it, is that, is that all the lower levels of the organization Scientology, in effect, funnel the money overseas and it, they funnel some money up to the next level, whatever. And then this next level also has this going overseas. But by the time it gets to RTC or CST, the money that goes into those are, in effect, money that, in effect stays with the organization, looks like -- that's what it sounds like --

V. AZNARAN: -- That's correct --

MEL YOUNG: -- you said none of them went overseas that were diverted to these particular -- foreign accounts that the IRS would be interested in.

V. AZNARAN: -- right.

MEL YOUNG: And it would be from CSI down, downwards. But the reason why CST and RTC are involved is that they control the rights and in effect, he who controls the rights controls the rest of the organization. And this Miscavige and whoever, is the one who pulls the strings all the way down the line to the mission level then.

V. AZNARAN: Hm, huh. That's right.

R. AZNARAN: Before, while Vicki was over RTC - OK you had Miscavige at the top and then above him Broeker and above him Hubbard, and Author Services being up there with Miscavige. And then below that - it actually branched two ways - there was RTC which had the trademarks, okay. But then over here was CSI, Church of Scientology International, run by its own Commanding Officer named Marc Yager. Marc Yager was responsible, personally - his personal statistic assigned to him by L. Ron Hubbard was Reserves -- Reserves being the total amount of money socked away. Okay. That's where that figure comes from. That's the reserves stat, how much money they had put away, whether it was in - the total money, the money is everything, right, I mean gold, real estate, money in overseas trusts, all that. That was reserves money.

CARL CORSI: Under CSI?

R. AZNARAN: Yes.

their money and then ordered the church, CSI, to buy a whole bunch with the overseas money and they bought all this oil together, which made a handy little profit for the guys in ASI who couldn't have gotten in on the deal with the little bit of money they had. It's these kind of little cozy things that are worked out. Does that make sense?

MEL YOUNG: What kind of, do you have a name of that oil venture that they jumped in to?

V. AZNARAN: It's in Oklahoma.

CARL CORSI: When?

V. AZNARAN: When did they do that? Let's see, they did the gold mine in '82, they did the oil in I think '83, maybe '84.

MEL YOUNG: Is there anything more current?

CARL CORSI: And there's a possibility -- going along with Mel's question -- that they're doing that with some of that overseas money right now -- putting it into some of these things?

V. AZNARAN: Oh sure. I'm sure there's a possibility. I mean they were doing it before, why would they stop?

MEL YOUNG: So it would be Spurlock and Miscavige?

V. AZNARAN: Um Hum.

MEL YOUNG: Would be the ones?

V. AZNARAN: And Starkey.

YOUNG: And Starkey? They're the ones that would be borrowing money, quote unquote, from that fund. If they would be.

R. AZNARAN: -- cause they control it --

V. AZNARAN: Did you say borrowing?

MEL YOUNG: Well, that's just a term. Borrowing, taking, appropriating, whatever --

V. AZNARAN: Well, see they have their own money, then they had Hubbard's money and then they had the Church money and they could put it all together and put it over here. And invest it.

CARL CORSI: I thought they were supposed to be a religious order of poor people.

[laughter]

R. AZNARAN: Not those ASI people, uh-uh.

V. AZNARAN: Not those ones in ASI. They had the big salaries and expense accounts --

CARL CORSI: Everyone was striving to become a member of ASI?

V. AZNARAN: People did, yeah.

GREG ROTH: Question. And don't answer this if you feel it's improper. But as I recall in your complaint they talk about you getting 50 cents an hour for this and that. Now, if you know at that time that everybody else is getting tens of thousands of dollars -- a lot of other people -- and there are millions of dollars going around, why did you work for 50 cents an hour? Or did you? You know I mean --

R. AZNARAN: -- I can answer that --

GREG ROTH: -- have a hard time reconciling that.

V. AZNARAN: Well, number one there weren't lots of other people making a lot of money. You're talking a handful -- a few. Most of the people made hardly any--

GREG ROTH: You knew there were millions of dollars being brought in, I mean somehow I would --

V. AZNARAN: I'm not a thief -- I didn't want to embezzle any money.

GREG ROTH: No. No, no, no, I'm not -- no.

V. AZNARAN: I mean, why do you only say --

GREG ROTH: That's not what I'm asking. I'm saying, if I'm working for an organization that I know is making money hand over fist, you know, millions of dollars and there are some other people - and you -- Richard, you were well-placed and Vicki, you were well-placed, I'm going to at some point say "hey you know, you're making millions of bucks, what the heck am I -- why are you making me work for 50 cents an hour?" I'm going to ask that question.

R. AZNARAN: First of all, you would never know that these people were making that much money. I--

GREG ROTH: I got the impression -- No. I got the impression you knew it at the time that, though, that you would've been making the 50 cents an hour set forth in your complaint.

R. AZNARAN: Vicki and I knew it.